



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

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September 24, 2004

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: CHAPTER 8 PURCHASES OF TAX-DEFAULTED PROPERTY
(SANTA MONICA MOUNTAINS CONSERVANCY/MOUNTAINS
RECREATION AND CONSERVATION AUTHORITY)

The Santa Monica Mountains Conservancy (Conservancy), acting in its own name or in the name of the Mountains Recreation and Conservation Authority, has asked to purchase 115 tax-defaulted properties which were originally scheduled to be sold at our 2004B public auction last month. Purchase agreements with respect to 169 additional tax-defaulted properties, removed from prior public auctions at the Conservancy's request, are also pending. Purchases of tax-defaulted properties by public agencies are referred to as "Chapter 8" purchases.

The Conservancy's numerous requests for Chapter 8 purchases creates a large processing burden on my staff, which has been exacerbated by the deletion of more than 20 positions in my Tax Collection branch in the 2003-04 budget. Despite our best efforts to keep up with this labor-intensive workload, the Conservancy has failed to follow through with respect to 22 outstanding agreements representing 114 separate properties. Those properties are located in the 1st, 3rd, 4th and 5th Supervisorial Districts, as detailed in the attachment.

Subject to further direction from your Board, I intend to suspend processing of the Conservancy's most recent request (115 properties) as well as its request to purchase 45 other properties under five agreements which are in various stages

of approval. We will resume processing when the Conservancy satisfies its obligations with respect to the 22 outstanding agreements, as summarized below and detailed in the attachment. Of those 22 agreements, 19 need to be signed and returned to us, and three are fully processed but are in payment default or have been abandoned by the Conservancy.

I would appreciate any help you could provide in encouraging the Conservancy to fulfill its obligations under those outstanding agreements. This will allow us to devote additional resources to processing Chapter 8 purchases for other agencies that have been delayed as a result of the volume of the Conservancy's requests.

Agreements Pending Signature by the Conservancy

16 agreements representing 78 separate properties were sent to the Conservancy for signature in November 2003, but have not been returned to us for further processing. As of June 2004, the total purchase price for these 78 properties is \$1,119,243.

Three agreements representing 25 separate properties were sent to the Conservancy for signature in February 2004, but have not been returned to us for further processing. As of June 2004, the total purchase price for these 25 properties is \$435,619.

Agreement in Default

Agreement number 2189 went through the entire Chapter 8 process of research, approvals, notification and publication. We demanded payment of the purchase price (\$21,077.94) in March 2004. Despite our follow-up requests we have received no response from the Conservancy.

Agreements Abandoned by the Conservancy

Agreements number 2145 and 2185 (representing three separate properties) also went through the entire Chapter 8 process. After receiving our demand for payment of the purchase price (\$11,679.17), the Conservancy notified us in writing of their intent not to complete the purchases due to lack of funds.

In accordance with existing procedures, we billed the Conservancy for reimbursement of our actual out-of-pocket costs (title reports, certified mail charges and publication costs, but excluding labor and overhead). The amount of those expenses is \$577.17. No response has been received to our demand for reimbursement.

Other Pending Agreements

The 22 agreements described above are in the hands of the Conservancy and do not require further processing by us at this time. Five additional agreements are still being processed by my staff, but we have suspended processing as noted above. The status of those five agreements is summarized in the next paragraph.

Three agreements have been approved by the Board of Supervisors and the State Controller. The next step in the process would be for us to send notices to all parties of interest by certified mail. Two agreements have been signed by the Conservancy and returned to us. The next step in the process would be for us to forward the agreements to your Board for approval.

The agreements which are in the name of the Mountains Recreation and Conservation Authority (MRCA) are described on the first two pages of the attachment. The agreement in the name of the Conservancy is described on the third page of the attachment. Although the MRCA is the named agency in most of the agreements, all Chapter 8 requests are received from and handled by the Conservancy for both agencies.

Please contact me directly at your convenience if you have any questions or would like additional information.

Attachment

c: Executive Officer
Chief Administrative Officer

MOUNTAINS RECREATION & CONSERVATION AUTHORITY

The Santa Monica Mountains Recreation and Conservation Authority requested the following parcels through the Chapter 8 process for open space and parkland. In accordance with procedure, agreements were sent to the agency for the proper endorsements to be returned to our office for further processing in order to proceed with the agreement approvals. It has been approximately 8 months since the agreements were mailed and we have not received a response after several inquiries by our office. Since the State agencies have to obtain approvals of the purchase price from the affected cities, we allowed 60 days for submission.

Recommended Action: Terminate all 16 agreements. Return the parcels into the pool for future tax sales.

Supervisor	Agreement #	# of Parcels	Purchase Price	Agreement	Follow-Up Date	Agreement
District			as of 6/04	Mailed		Status
1	2356	1	\$ 2,902.00	11/6/2003	4/8/04 & 5/10/04	No Response
3	2357	10	\$ 168,076.00	11/6/2003	4/8/04 & 5/10/04	No Response
3	2358	12	\$ 234,025.00	11/10/2003	4/8/04 & 5/10/04	No Response
4	2359	1	\$ 106,320.00	11/7/2003	4/8/04 & 5/10/04	No Response
5	2360	1	\$ 1,293.00	11/6/2003	4/8/04 & 5/10/04	No Response
5	2361	16	\$ 181,326.00	11/12/2003	4/8/04 & 5/10/04	No Response
5	2362	1	\$ 5,747.00	11/10/2003	4/8/04 & 5/10/04	No Response
5	2364	3	\$ 53,236.00	11/7/2003	4/8/04 & 5/10/04	No Response
5	2365	20	\$ 22,306.00	11/13/2003	4/8/04 & 5/10/04	No Response
3	2366	1	\$ 222,833.00	11/12/2003	4/8/04 & 5/10/04	No Response
3	2367	2	\$ 5,461.00	11/10/2003	4/8/04 & 5/10/04	No Response
3	2368	7	\$ 99,772.00	11/12/2003	4/8/04 & 5/10/04	No Response
5	2369	1	\$ 13,989.00	11/10/2003	4/8/04 & 5/10/04	No Response
5	2370	2	\$ 1,957.00	11/13/2003	4/8/04 & 5/10/04	No Response
Total	16	78	\$ 1,119,243.00			

The following parcels were also requested by MRCA for open space and parkland through the Chapter 8 Agreement process. Agreement **2185** went through the entire Chapter 8 Agreement process of approvals, notification, and publication. Our office sent a demand for the purchase price at which time, the agency sent a letter on 2/4/04 indicating they no longer had an interest in purchasing the property because the purchase price exceeded their available funding. Our office has not received a response to our demand for payment of the cost incurred by TTC, i.e. postage for NOA mailing, publications and Parties of Interest Reports.

The parcels requested through Chapter 8 Agreement **2189** were also to be utilized by MRCA for open space and parkland. Several demands for payment have been made to the agency. SMMC indicated they are still deciding whether to complete the purchase. The deadline was 15 days from the date of the letter, May 28, 2004.

Recommended Action: Stop processing all current and future agreements requested by MRCA until outstanding payments are collected.

Supervisor	Agreement #	# of	Purchase	Cost	Demand for Payment	Follow-up Dates	Status
District		Parcels	Price				
1	2185	2	\$ 8,137.00	\$ 382.91	1/9/04,	2/11/04 & 5/13/04	No Response
3	2189	8	\$ 19,093.00	\$ 1,984.94	3/10/2004	5/13/2004	No Response
Total	2	10	\$ 27,230.00	\$ 2,367.85	(\$29,597.58)		

MOUNTAINS RECREATION & CONSERVATION AUTHORITY (Continued)**Status of additional Chapter 8 Agreements requested by MRCA.**

These agreements are in different stages of the Chapter 8 Agreement process. It is recommended that our office suspend the process until such time that the demand for payments are fulfilled by the agencies. According to their letters which indicate that the purchase price exceeds their available funding for agreements 2145 and 2185, it would be prudent to ask the agencies how they intend to comply with current and future agreements if they already have no funding.

Supervisor	Agreement #	# of Parcels	Purchase Price	Agreement	Follow-Up Date	Agreement
District			as of 6/04	Mailed		Status
3	2410	8	\$93,439.00	2/18/2004		No Response
4	2411	1	\$ 3,562.00	2/13/2004		No Response
5	2412	16	\$ 338,618.00	2/18/2004		No Response
1	2270	2	\$ 33,266.00	N/A	State approved 5/11/04	Ready for notification process
3	2286	24	\$ 39,222.00	N/A	State approved 5/11/04	Ready for notification process
5	2288	3	\$ 4,239.00	N/A	State approved 5/10/04	Ready for notification process
5	2273	21	\$ 82,239.00	N/A	On hold for BOS	Ready for board approval
3	2285	5	\$ 28,139.00	N/A	On hold for BOS	Ready for board approval
Total	8	80	\$622,724.00			

The Mountains Recreation & Conservation Authority has requested to purchase additional properties through the Chapter 8 Agreement process. The "Subject to Power to Sell" properties are tagged for the 2004B Tax Sale to be held on August 2 & 3, 2004. Below is a listing of the Supervisorial District affected by the 115 parcels requested by MRCA. These parcels are being requested for permanent open space and public parkland purposes.

Supervisor	# of parcels
District	
First	0
Second	0
Third	65
Fourth	0
Fifth	50
Total	115

SANTA MONICA MOUNTAINS CONSERVANCY

The following parcel was requested by Santa Monica Mountains Conservancy for open space and parkland through the Chapter 8 process. Agreement **2145** went through the entire Chapter 8 Agreement process of approvals, notification, and publication. Our office sent a demand letter for the purchase price on 12/8/03. The agency responded with a letter on 2/25/04 indicating they were no longer interested in purchasing the property because the purchase price exceeded their available funding. Our office billed them for the cost incurred by TTC, i.e. postage for the NOA mailing, publications and Parties of Interest Reports.

Recommended Action: Stop processing of all current and future agreements requested by SMMC until all outstanding payments are collected.

Supervisor	Agreement #	# of	Purchase	Cost	Demand for Payment	Follow-up Dates	Status
District		Parcels	Price				
5	2145	1	\$ 2,965.00	\$ 194.26	12/8/2003	3/10/04 & 5/13/04	No Response
Total	1	1	\$ 2,965.00	\$ 194.26	(\$3,159.26)		